

Kosmas Announces Middle-Class Tax Cut to Take Effect TOMORROW

Working Families to Recieve Additional Take-Home Pay from the Tax Relief and Recovery Package

(Washington, DC) - Today, Congresswoman Suzanne Kosmas (FL-24) announced that Central Florida's working families will see an increase in their take-home pay beginning tomorrow, April 1. As a component of the American Recovery and Reinvestment Act, the largest middle-class tax cut in American history, individuals earning less than \$95,000 per year will have less federal taxes withheld from their paychecks.

"The tax relief and recovery package means two things for Central Florida: lower taxes and more jobs," said Congresswoman Kosmas. "The bill is already providing job-creating investments to our community for alternative energy, public safety, and infrastructure projects. The tax cut that takes effect tomorrow will put more money in the pockets of working families who are struggling to make ends meet. At every stop I make throughout the district, working Floridians keep telling me how much of a difference this tax relief will make in their everyday lives."

"Small businesses will also see a benefit from this tax cut," added Kosmas. "Increased take-home pay for working families will give a boost to local businesses as it works its way through our economy."

The Making Work Pay provision of the tax relief and recovery package provides a refundable tax credit up to \$400 for working individuals and \$800 for married taxpayers filing joint returns through 2010.

For workers who receive a paycheck and are subject to withholding, the credit will typically be handled by their employers through automated withholding changes made by tomorrow. Because the tax change is retroactive to January 1, in some cases, employees will have no federal tax deducted in recent paychecks.

Some workers may have already seen the increase in take-home pay because the Internal Revenue Service (IRS) withholding tables were already updated to reflect the new credit.

If an employee is eligible for the maximum amount of the tax credit, and the employer begins using the revised

tax tables starting April 1, an employee can expect to bring home an additional \$44 each month as a single filer and \$89 as joint filers.

It is not necessary to submit a W-4 to get the automatic withholding change. However, an employee with multiple jobs or married couples whose combined incomes place them in a higher tax bracket may elect to submit a revised W-4 to ensure there is enough withheld to cover the tax for his or her combined income. IRS Publication 919 provides additional guidance for tax withholding.

Additional Tax Relief in
the American Recovery and Reinvestment
Act:

- A \$250 payment, cosponsored by Congresswoman Kosmas, for Social Security recipients, disabled veterans and railroad retirees. The Economic Recovery Payment will be paid by the Social Security Administration, Department of Veterans Affairs and the Railroad Retirement Board.

- Money back for new vehicle purchases: Taxpayers who buy certain new vehicles in 2009 can deduct the state and local sales taxes they paid.

- Increased transportation subsidy. Employer-provided benefits for transit and parking are up in 2009.

- Up to \$2,400 in unemployment benefits tax free in 2009. Individuals should check their tax withholding.

- Net operating loss carryback. Small businesses can offset losses by getting refunds on taxes paid up to five years ago. Information on the carryback, an expanded section 179 deduction and other business-related provisions is now available.

- COBRA: Health insurance continuation subsidy. The IRS has extensive guidance for employers, including

an updated Form 941, as well as information for qualifying individuals.

- First-time homebuyer credit expands. Homebuyers who purchase in 2009 can get a credit of up to \$8,000 with no payback requirement.

- Enhanced credits for tax years 2009, 2010. Details available on the earned income tax credit, additional child tax credit and American Opportunity Credit, a new higher education benefit.

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